



April 14, 2016

Ms. Christa Elms, Interim Finance Director  
City of Blythe  
235 North Broadway  
Blythe, CA 92225

Dear Ms. Elms:

Subject: 2016-17 Annual Recognized Obligation Payment Schedule

Pursuant to Health and Safety Code (HSC) section 34177 (o) (1), the City of Blythe Successor Agency (Agency) submitted a Recognized Obligation Payment Schedule for the period July 1, 2016 through June 30, 2017 (ROPS 16-17) to the California Department of Finance (Finance) on February 1, 2016. Finance has completed its review of the ROPS 16-17.

Based on a sample of line items reviewed and application of the law, Finance made the following determinations:

- Item No. 6 – 2000 Tax Allocation Bond Series A in the amount of \$24,153 has been adjusted. The Agency incorrectly requested Redevelopment Property Tax Trust Fund (RPTTF) in the amount of \$4,468 during the January 1, 2017 through June 30, 2017 period (ROPS B period), which should be \$44,685. With the Agency's concurrence, Finance adjusted the requested amount to \$44,685, an increase of \$40,217 in RPTTF funding for the ROPS B period.
- Item No. 39 – 2015 Tax Allocation Refunding Bond (2015 Bonds) shortfall in the total outstanding amount of \$205,605 is not allowed. The 2015 Bonds refunded Series 2004 and 2005A Tax Allocation Bonds (prior bonds), previously listed as Item Nos. 10 and 11. The Agency contends RPTTF received during the period January 1, 2016 through June 30, 2016 (ROPS 15-16B) for the prior bonds is insufficient to pay the 2015 Bonds debt service payment due in May 1, 2016. However, the 2015 Bonds were issued in September 2015, which were prior to the November 2015 debt service payment for the prior bonds. Therefore, the RPTTF received for the prior bonds during the period July 1, 2015 through December 30, 2015 (ROPS 15-16A) and ROPS 15-16B, totaling \$1,130,502, were available to fund the first 2015 Bonds debt service payment of \$904,748 due May 1, 2016. Therefore, the requested \$205,605 in RPTTF funding is not allowed.

- Item Nos. 40 through 48 – Replenish bonds reserve accounts in the total outstanding amount of \$196,589 is not allowed. The Agency is requesting to replenish the reserve accounts to meet the November 2015 payments for the following Agency bonds:
  - 1996A Tax Allocation Bond – \$7,742
  - 1997 Tax Allocation Bond – \$22,568
  - 2000A Tax Allocation Bond – \$7,406
  - 2003A Tax Allocation Bond – \$11,050
  - 2003B Tax Allocation Bond – \$3,230
  - 2006A Tax Allocation Bond – \$24,067
  - 2006B Tax Allocation Bond – \$13,936
  - 2011A Tax Allocation Bond – \$77,905
  - 2013 Tax Allocation Bond – \$28,685

The Agency was fully funded in RPTTF during the ROPS 15-16A period. Further, for the ROPS 15-16B period, Finance authorized \$1,937,602 in RPTTF for debt service payments due. The Riverside County Auditor-Controller distributed \$2,026,384 in RPTTF for ROPS 15-16B. Therefore, the Agency had sufficient RPTTF funding to satisfy all debt service payments due during ROPS 15-16A and 15-16B, and should not have required the Agency to draw down bond reserve account funds. Therefore, this item is not an enforceable obligation and the total requested amount of \$196,589 in RPTTF funding is not allowed.

- Item No. 49 – 2011A Bond Proceeds Funding Agreement in the total outstanding amount of \$142,677 is not allowed. HSC section 34191.4 (c) (2) allows the Agency to expend five percent of bond proceeds derived from bonds issued on or after January 1, 2011 in a manner consistent with the original bond covenants. Finance's letter dated March 18, 2016 denied the related Oversight Board Resolution 2016-03. The Agency has expended more than five percent of the 2011A bond proceeds. Therefore, the Agency is not allowed to spend additional 2011A bond proceeds in the amount of \$142,677. Subsequently, if the Agency wishes to expend additional 2011 bond proceeds, it may do so once a Last and Final Recognized Obligation Payment Schedule is approved by Finance.

Except for the items denied in whole or item that has been adjusted, Finance is not objecting to the remaining items listed on your ROPS 16-17. If you disagree with Finance's determination with respect to any items on your ROPS 16-17, except for those items which are the subject of litigation disputing Finance's previous or related determinations, you may request a Meet and Confer within five business days of the date of this letter. The Meet and Confer process and guidelines are available at Finance's website below:

[http://www.dof.ca.gov/redevelopment/meet\\_and\\_confer/](http://www.dof.ca.gov/redevelopment/meet_and_confer/)

On the ROPS 16-17 form, the Agency reported cash balances and activity for the period of July 1, 2015 through June 30, 2016. Finance performs a review of the Agency's self-reported cash balances on an ongoing basis. Be prepared to submit financial records and bridging documents to support the cash balances reported upon request. If it is determined the Agency possesses cash balances that are available to pay approved enforceable obligations, HSC section 34177 (l) (1) (E) requires these balances to be used prior to requesting RPTTF.

The Agency's maximum approved RPTTF distribution for the reporting period is \$4,710,246 as summarized in the Approved RPTTF Distribution Table on Page 4 (See Attachment).

ROPS distributions will occur twice annually, one distribution for the July 1, 2016 through December 31, 2016 (ROPS A period), and one distribution for the ROPS B period based on Finance's approved amounts. Since Finance's determination is for the entire ROPS 16-17 period, the Agency is authorized to receive up to the maximum approved RPTTF through the combined ROPS A and B distributions.

On the ROPS 16-17 form, the Agency was not required to report the estimated obligations versus actual payments (prior period adjustment) associated with the July 1, 2015 through December 31, 2015 period (ROPS 15-16A). The Agency will report actual payments for ROPS 15-16A and ROPS 15-16B on the ROPS 18-19 form pursuant to HSC section 34186 (a) (1). A prior period adjustment will be applied to the Agency's future RPTTF distribution. Therefore, the Agency should retain any difference in unexpended RPTTF.

Please refer to the ROPS 16-17 schedule used to calculate the total RPTTF approved for distribution:

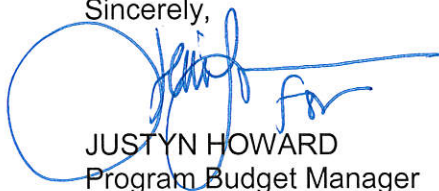
<http://www.dof.ca.gov/redevelopment/ROPS>

Absent a Meet and Confer, this is Finance's determination related to the enforceable obligations reported on your ROPS for the period July 1, 2016 through June 30, 2017. This determination only applies to items when funding was requested for the 12-month period. Finance's determination is effective for this time period only and should not be conclusively relied upon for future ROPS periods. All items listed on a future ROPS are subject to review and may be denied even if it was not denied on this ROPS or a preceding ROPS. The only exception is for items that have received a Final and Conclusive determination from Finance pursuant to HSC section 34177.5 (i). Finance's review of Final and Conclusive items is limited to confirming the scheduled payments as required by the obligation.

The amount available from the RPTTF is the same as the amount of property tax increment available prior to the enactment of the redevelopment dissolution statutes. Therefore, as a practical matter, the ability to fund the items on the ROPS with property tax is limited to the amount of funding available to the Agency in the RPTTF.

Please direct inquiries to Cindie Lor, Supervisor, or Satveer Ark, Lead Analyst at (916) 445-1546.

Sincerely,



JUSTYN HOWARD  
Program Budget Manager

cc: Ms. Pam Elias, Chief Accountant Property Tax Division, Riverside County

### Attachment

Approved RPTTF Distribution For the period of July 2016 through June 2017			
	ROPS A Period	ROPS B Period	Total
Requested RPTTF (excluding administrative obligations)	\$ 3,003,853	\$ 1,818,370	\$ 4,822,223
Requested Administrative RPTTF	125,000	125,000	250,000
<b>Total RPTTF requested for obligations on ROPS 16-17</b>	<b>3,128,853</b>	<b>1,943,370</b>	<b>\$ 5,072,223</b>
Adjustment to Agency Requested RPTTF (Item No. 6)	0	40,217	40,217
<b>Total RPTTF requested</b>	<b>3,003,853</b>	<b>1,858,587</b>	<b>4,862,440</b>
<u>Denied Items</u>			
Item No. 39	(205,605)	0	(205,605)
Item No. 40	(7,742)	0	(7,742)
Item No. 41	(22,568)	0	(22,568)
Item No. 42	(7,406)	0	(7,406)
Item No. 43	(11,050)	0	(11,050)
Item No. 44	(3,230)	0	(3,230)
Item No. 45	(24,067)	0	(24,067)
Item No. 46	(13,936)	0	(13,936)
Item No. 47	(77,905)	0	(77,905)
Item No. 48	(28,685)	0	(28,685)
	(402,194)	0	(402,194)
<b>Total RPTTF authorized</b>	<b>2,601,659</b>	<b>1,858,587</b>	<b>\$ 4,460,246</b>
<b>Total Administrative RPTTF authorized</b>	<b>125,000</b>	<b>125,000</b>	<b>\$ 250,000</b>
<b>Total RPTTF approved for distribution</b>	<b>2,726,659</b>	<b>1,983,587</b>	<b>\$ 4,710,246</b>